1 BRENDA MOODY WHINERY (# 010677) United States Trustee 2 District of Arizona 3 RICHARD J. CUELLAR (#WI 01006631) Attorney Advisor P.O. Box 36170 4 Phoenix, Arizona 85067-6170 (602) 640-2100 5 6 7 IN THE UNITED STATES BANKRUPTCY COURT 8 FOR THE DISTRICT OF ARIZONA 9 In re: Chapter 11 10 Case No. B-98-12547-ECF-CGC BCE WEST, L.P., et al., 11 through 12 Case No. B-98-12570-ECF-CGC 13 LIMITED OBJECTION OF UNITED 14 STATES TRUSTEE TO MOTION TO ASSUME INDEMNIFICATION 15 AGREEMENTS Debtors.

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The United States Trustee for the District of Arizona hereby submits this limited objection to the Motion to Assume Indemnification Agreements [the "Motion"] for the following reasons.

The Indemnification Agreements require the Debtors to pay for special counsel to represent the Directors in the chapter 11 proceedings. The United States Trustee asserts that retention of such special counsel should be subject to sections 327 and 330 of the Bankruptcy Code. Section 327 provides that special counsel must not hold any interest adverse to the debtor or to the estate. Inasmuch as the Directors' interests may be adverse to the estate, that provision of the Code may be inapplicable in this specific

Nevertheless, special counsel paid by the estate should 1 2 required to submit applications for compensation 3 reimbursement pursuant to section 330. 4 WHEREFORE, the United States Trustee respectfully 5 requests that the Court grant the Motion to Assume Indemnification Agreements on the condition that special counsel for the Directors 6 7 seek payment of compensation and reimbursement only pursuant to 11 8 U.S.C. § 330. 9 RESPECTFULLY SUBMITTED this 21st day of October, 1998. 10 BRENDA MOODY WHINERY 11 United States Trustee District of Arizona 12 \s\ 13 RICHARD J. CUELLAR 14 Attorney Advisor 15 Copies of the foregoing mailed this 16 22st day of October, 1998, to: 17 18 Randolph J. Haines H. Rey Stroube, III Akin, Gump, Strauss, Hauer & Feld, L.L.P Lewis and Roca 19 40 N. Central Avenue Phoenix, AZ 85004-4429 711 Louisiana, Ste. 1900 20 Houston, TX 77002 21 Donald Gaffney Snell & Wilmer L.L.P. 22 One Arizona Center Phoenix, AZ 85004-0001 23 24 25 26 27

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